

VECTREN CORPORATION



SUMMER 2002 OUTLOOK

REPORT TO IURC - May 10, 2002

Summer 2002 Outlook

Introduction

Summer Supply Resources

Demand Forecast

Transmission System Performance

Communication Plan

Demand Side Management

Generation Capacity Planning

Conclusion



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Not just power. Possibility.

Summer Supply Status

Summer Supply Resources

- **Historically High Unit Availability**
- **Spring Maintenance Activities**
- **SCR Outages**
- **Availability Goals**
- **Energy Purchases**



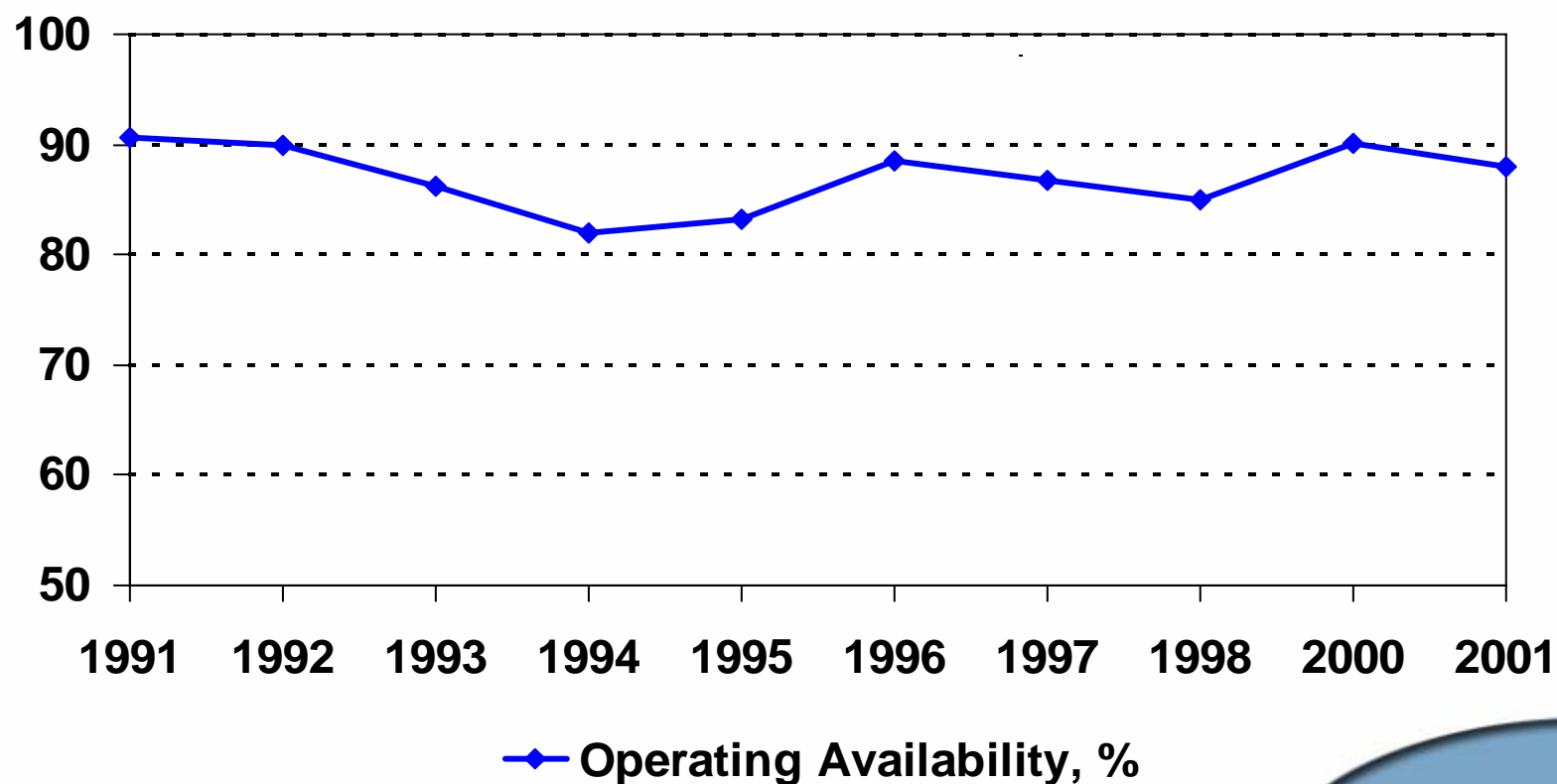
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Historical Operating Availability

Summer Supply Resources

COAL FIRED STEAM SYSTEM



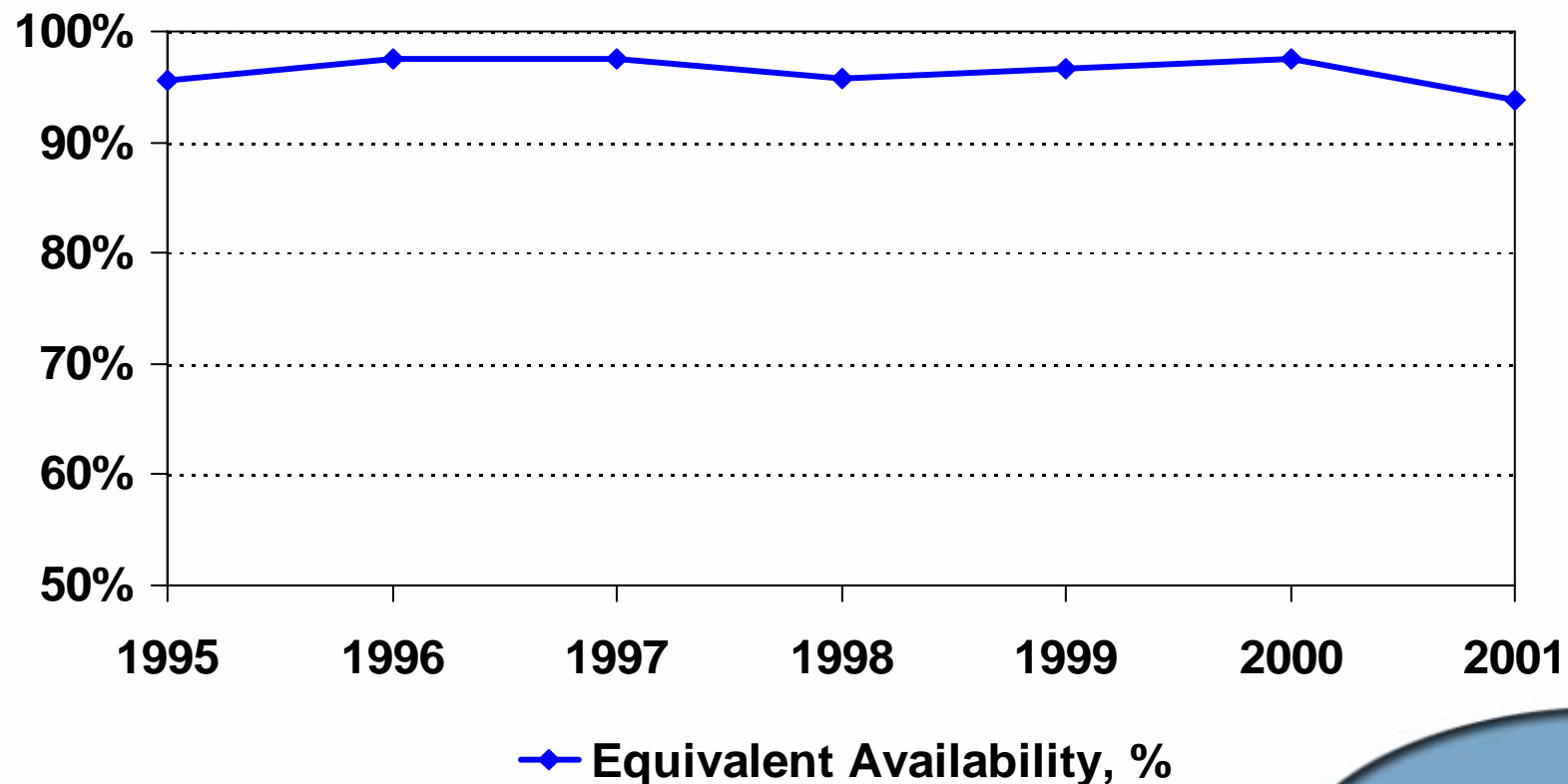
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Availability at Summer Peak Hour

Summer Supply Resources

COAL FIRED STEAM SYSTEM



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VECTREN System Capacity

Summer Supply Resources

Coal Generation	1056 MW
Combustion Turbine	295 MW
Purchased Capacity	<u>79 MW</u>
Total	1430 MW



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Interruptible DLC Capabilities

Summer Supply Resources

Interruptible	65 MW
DLC, normal	30 MW
DLC, emergency	50 MW

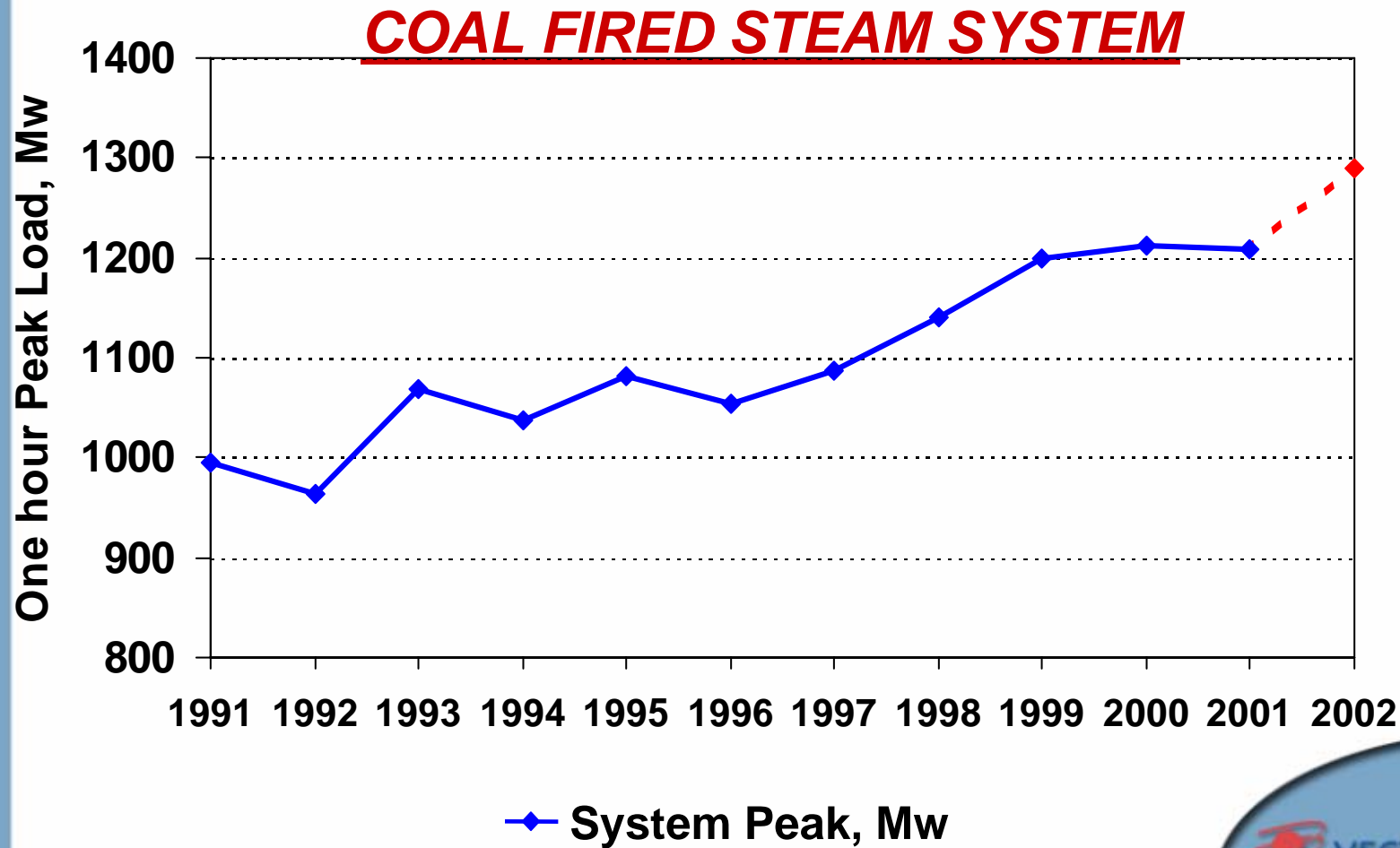


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Summer Peak Load

Demand Forecast



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Meet the Peak Summary

Demand Forecast

System Capability	1430 MW
Interruptible	65 MW
DLC (MAX)	<u>50 MW</u>
Total Capability	1545 MW
2002 Projected Peak	1289 MW
<u>System Margin (19.9)%</u>	<u>256 MW</u>



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Special Provisions

Demand Forecast

- **Voluntary Capacity Releases 75-175 MW**
- **Internal Use Reduction Plans 10 MW**
- **Conservation Request 30 MW**
- **ECAR ARS**
- **Guaranteed generation purchase**
- **Emergency Load Reduction Plan**



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Transmission System Performance

Internal Operations

Under normal and single contingency conditions, system capacity is adequate to serve native load.

Under certain conditions select transformers outside of our system overload and reduce our import capability.



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Communication Plan

Conservation Appeal

- **News Release**
- **Media Spots**
- **Key Accounts Phone Appeal**



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Demand Side Management Activities

- **Continuation of Direct Load Control Program**
 - 40,000 + Residential Customers
 - 3,000 Business Customers
 - 30 to 50 MW in available load (based on cycling strategy)
 - Aggressive assessment of new DSM initiatives are currently underway



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Generation Capacity Plan

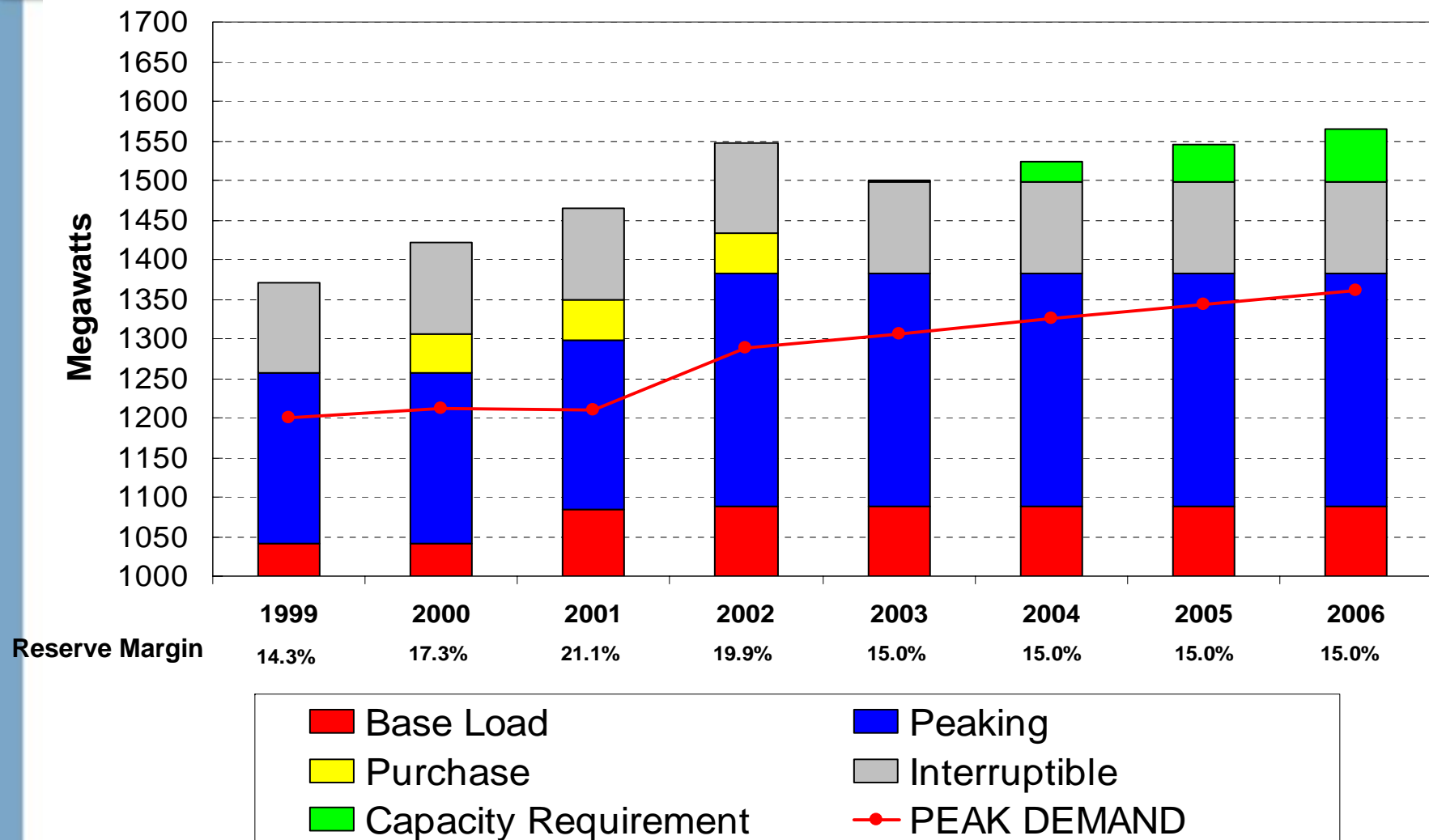
- **New 80 MW Peaking Capacity Ready**
- **Current review of IRP indicates need for second block of capacity in 2004**
- **Continuing to Review IRP Capacity Options**



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Integrated Resource Plan



Conclusion

Based upon forecasted demand for electricity and historical reliability of system generating and transmission capacity, VECTREN anticipates it will be able to provide reliable service to firm native load customers.

However, unforeseen system generation outages or significant disturbances in the eastern interconnection could effect that capability.



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